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Economic Development Performance: East Asia versus the Arab World

By Dr. Ali Kadri
Global Research, October 23, 2011
23 October 2011

Region: Asia, Middle East & North Africa
Theme: Global Economy

Compared to the East Asian economic results, the poor performance of the Arab world is remarkable. Since 1980, the bulk of the Arab economies composing the Arab Mashreq, experienced a less than one percent yearly average growth of real GPD per capita, the highest income inequality and unemployment rates globally, the lowest rates of investment of all regions and, plainly, the highest rate of armed conflict. The developmental comparative with East Asia's impressive economic results in the last three decades appears always to go in the direction of how successful economies questioned and dodged the neoliberal recipe. The East Asian performance is said to have offered an alternative to the existing model, one grounded in the tangible economic success of a number of economies and, in some way, a model to emulate. Notwithstanding that if all countries grew at astonishing rates for thirty years, mankind would perish by asphyxiation, or that if they all grew together they would paradoxically fail together by the adding up fallacy, the fact remains that capitalism develops in a highly uneven fashion and not all can grow. Nonetheless, the very emergence of the 'East Asian Model' has broadened the scope for thinking about developmental policies and the necessity for some sort of dirigisme.

The performance of many regions was contrasted with this triumphant story, including, that of the Arab region. It is doubtful, however, that this particular comparison is useful. This is not because the course of history is incapable of replication or because 'all comparisons are lame.' The Arab world and East Asia represented two cases of diametrically divergent social and historical processes. These regions were integrated with the global economy via two differing modes of capital accumulation. East Asia was linked to the global economy via the market expansion or commodity realisation route, while accumulation in the Arab world proceeded by encroachment and dislocation resulting from control over oil. These modes of integration contain the kernel of the whole developmental experience of the two regions.

Gauging the Arab developmental outcome has little to do with how one or more factors, initial endowments, and resources differed between these two cases. A factorial explanation of the poor economic results of the Arab world, whether it is an account of the misallocation of resources, or whether oil was in itself a curse or not, would add little to understanding the problematic of Arab de-development. A proper explanation cannot be developed from the premise that the Arab world started with more endowments than East Asia and performed miserably afterwards. It has little also to do with the quality of initial endowment such as capital, as well. It has something to do with the choice of policy, but it is not whether policies adopted were demand-determined, price-determined, neoliberal or otherwise. The reason for the poor developmental showing is that the Arab working people had throughout no right to make a choice and to mediate their ambitions through the state. So, yes there were more Arab initial endowments, but these were not their endowments, and that makes all the difference.

In order to analyse if it is at all possible to adopt aspects of the East Asian model as a guide for development in the Arab world, one needs to delve deeper than the apparent similarities between these two regions. One ought to periodise the crucial historical bifurcation at which these two regions parted ways. The 'East Asian Miracle' was based among other things on the existence of states that enjoyed a certain level of autonomy in relation to US imperial reach and that managed to guide the processes of structural transformation and economic growth in tandem with security concerns. A state guiding the economy and building security at various levels, including working class security, was deemed to be the key to the economic successes of these economies. But primarily, East Asian states were integrated with the global economy via the commodity realisation side of capital accumulation. Value, with its consequent repartition of the surplus, was created by rising productivity and a social investment in labour. The Arab dystopia however, as divulged by the recent uprisings, began with the ebbing of the Nasserite period and the successive Arab defeats from 1967, and the rise of the Saudi led-period in Arab history. The generic Arab state has since come to be reduced to an Arab regime allied to the West, whose principal strength lies in suppressing its own working population, and in handing control of strategic resources to the US.

But the creation of value in a process of accumulation by encroachment is not solely related to denying Arab development or to the absolute surplus value generated from the pauperisation of the Arab working population and the price of oil pumped out of Arab wells. It is also not only a story of creating debt to cover war costs, which are going to be repaid by the taxes of the working population to support the business of militarism. It is a totality in which control and positioning of certain imperialist powers vis-à-vis other imperialist forces and the repartition of the global surplus in the form of imperial rent makes the decisive moment in the exercise of power that ties the whole process of accumulation together. So yes, invading Iraq cost the US three trillion dollars; compounded and measured against Iraq's oil output over the next twenty years, the US Iraq-campaign appears foolish. But when the great financial crisis set in, it was the dollar that was sought after and financial recourses never ceased to flow to an apparently defunct empire. The US may have incurred certain losses, but relative to the losses of others as a result of setting foot in Iraq, it is still ahead. The world financial elite would not forfeit the US and its dollar, and the strength of international labour is way too weak to undermine imperialism. There is more to accumulation by encroachment and dispossession than double-entry accounting. That is why the question of explaining colonialism has not changed: why should an Arab village in the desert worth no more than few thousand dollars be bombarded with a multi-million dollar missile? The narrow explanation in terms of the money form is very misleading in this case. An investigation into the transfer of cheapened-value, human and otherwise, from the third world by means of militarisation and encroachment, an assessment of the power and solidarity of international labour and, more pressingly, an exposure of the rising rate of private appropriation acquired by the globalised classes through financialisation, represent the broad outline that needs to be read before its manifestation in power brokered money form.

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